

# **San Diego County Water Authority**

## **Water Use Efficiency Program Proposal**

### **Regional Residential High-Efficiency Clothes Washer Voucher Incentive Program**

February 2001

## A. COVER SHEET

1. Specify:  
agricultural project or x individual application or  
x urban project joint application
2. Proposal title - concise but descriptive: Regional Residential High-Efficiency Clothes Water Voucher Incentive Program
3. Principal applicant - organization or affiliation: San Diego County Water Authority
4. Contact - name, title: Cindy Hansen, Water Resources Specialist
5. Mailing Address: 3211 Fifth Avenue, San Diego, CA 92103
6. Telephone: (619) 682-4118 (after 2/26/01 - 858-522-6747)
7. Fax: (619) 574-1286 (after 2/26/01 - 858-268-7881)
8. E-mail: chansen@sdewa.org
9. Funds requested - dollar amount: \$300,000
10. Applicant cost share funds pledged - dollar amount: \$573,500
11. Duration - (month/year to month/year): July 2001 to June 2002
12. State Assembly and Senate districts and Congressional districts where the project is to be conducted:  
State Assembly districts - 66<sup>th</sup>, 73<sup>rd</sup>, 74<sup>th</sup>, 75<sup>th</sup>, 76<sup>th</sup>, 77<sup>th</sup>, 78<sup>th</sup>, 79<sup>th</sup>  
State Senate districts - 36<sup>th</sup>, 37<sup>th</sup>, 38<sup>th</sup>, 39<sup>th</sup>, 40<sup>th</sup>  
Congressional districts - 48<sup>th</sup>, 49<sup>th</sup>, 50<sup>th</sup>, 51<sup>st</sup>, 52<sup>nd</sup>
13. Location and geographic boundaries of the project: The San Diego County Water Authority's service area lies within the foothills and coastal area of the western third of San Diego County, bordered by Mexico in the south and Orange and Riverside counties to the north (see Attachment A).
14. Name and signature of official representing applicant. By signing below, the applicant declares the following:
  - the truthfulness of all representation in the proposal;
  - the individual signing the form is authorized to submit the application on behalf of the applicant;
  - the applicant will comply with contract terms and conditions identified in Section 11 of this PSP.

Ken Weinberg, Director of Water Resources  
(printed name of applicant)

February 8, 2001  
(date)

(signature of applicant)

## **B. SCOPE OF WORK**

### 1. Abstract

The San Diego County Water Authority (Authority) has operated water conservation retrofit programs since 1991. Currently, incentives are provided to residential customers for the replacement of ultra-low-flush toilets and/or the purchase of high-efficiency clothes washers.

There are over 580,000 single-family residential households in the San Diego area of which 490,000 are estimated to own clothes washers. To date, the Authority has provided funding that directly resulted in the purchase of almost 7,000 high-efficiency clothes washers (HEW) for a water savings of 225 acre-feet. Additional funding has also been spent to educate customers on the advantages of HEWs over the standard top-loading clothes washers. From fiscal years 1994 through 2000, the Authority partnered with San Diego Gas and Electric Company, the local energy utility, to provide rebates of between \$100 and \$200 to consumers for the purchase of HEWS. These highly efficient clothes washers generate both energy and water savings since they use up to 40% less water and 60% less energy than standard washers.

In Fiscal Year (FY) 2001, San Diego Gas and Electric chose to discontinue rebates so the Authority continued the program, partnering with its member agencies, the Metropolitan Water District of Southern California, and the U.S. Bureau of Reclamation, at a lower incentive amount. Due to the reduced funding, the incentive amount was lowered to \$75 and the demand for the incentives decreased. The greatest barrier to purchasing these highly efficient models is the cost.

To increase the demand for HEWs, it is necessary to provide a larger dollar incentive to the customer. Financial incentives encourage the customer to purchase the higher priced HEWs instead of the standard models. A CALFED funding grant could augment local funding to provide an additional incentive of \$50 per HEW for 5,000 machines in FY 2002. At a cost of \$201 an acre-foot, CALFED can reduce the San Diego region's necessity for additional imported water supplies.

This market has recently begun to expand significantly with the increased number of domestic manufacturers. It was anticipated that the price of these machines would come down as more manufacturers were in the market. Unfortunately, most new models introduced retain the high retail price. . Eligible customers can use the incentive in the form of a voucher to be used as a point-of -purchase discount to reduce the cost of these more expensive machines.

### 2. Critical Issues

Water use efficiency investments can yield real water supply benefits to urban users in the short term and can also generate significant benefits in water quality and timing of instream flows. The program goal is to expand and accelerate the implementation of

cost-effective actions. To maximize the amount of water saved, the incentive amount must be increased to encourage the purchase of these high-efficiency models over the standard top-loader. For \$201 an acre-foot, CALFED can decrease local demand, thereby decreasing the amount of water to be pumped from the Bay-Delta area.

Incentives for 5,000 HEWs would provide water savings of 1,497 acre-feet over the life of the washers at a cost to CALFED of \$201 per acre-foot. The costs for the entire program is projected to be \$843,825 in FY 2002. This includes the incentive, administrative fees charged by the contractor, and Authority program management staff time. The cost per acre-foot of water saved is \$564. The Authority's cost to purchase water is \$349 per acre-foot, while the local water agency funding cost for this program is \$363 per acre-foot.

The Authority's mission is to provide a safe and reliable water supply at a reasonable cost. The Authority's 2000 Urban Water Management Plan calls for a potential annual water conservation savings utilizing clothes washer incentives of 1,000 acre-feet in FY 2005. To accomplish this, it is necessary to provide incentives for 5,000 HEWs in FY 2002. This target is appropriate for the current staffing and funding levels set by the Authority's Board of Directors.

The Authority's Strategic Plan, Urban Water Management Plan, and Water Resources Plan all require full implementation of all applicable Best Management Practices (BMP) of the Memorandum of Understanding for Urban Water Conservation (MOU). This program fulfills BMP 6 - high-efficiency washing machine rebate programs.

### 3. Nature, Scope and Objectives of Project

The Authority has extensive experience managing water conservation programs. With CALFED funds, the program could be expanded to help realize greater water savings sooner than would be provided by our limited local resources. The larger dollar amount will allow financial incentives to provide assistance to more people and will encourage water customers to choose these water saving devices. Reducing residential water use is a low cost alternative to new water supplies. We anticipate the project to begin utilizing the CALFED grant funding in July 2001. Water savings for the San Diego region could be realized within a few months of the program's expansion.

The proposed project is an urban water management program and not applicable to Quantifiable Objectives for Agricultural Water Use Efficiency.

### 4. Methods and Procedures

The Authority operates a HEW Voucher Program to provide incentives for the purchase of water efficient washing machines in lieu of standard non-efficient models. A contractor administers the program under Authority management. This program is budgeted for \$500,000 in fiscal year 2002, with co-funding from the Authority, its

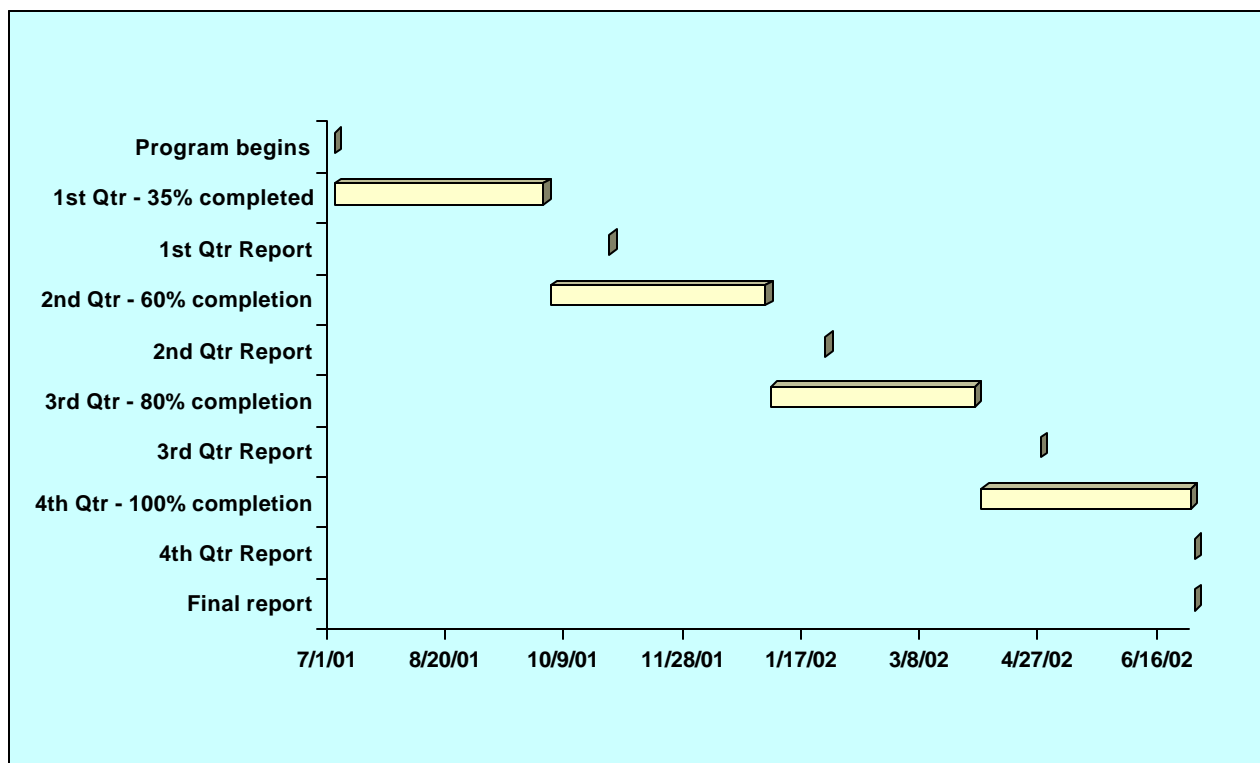
member agencies, the Metropolitan Water District of Southern California, and the U.S. Bureau of Reclamation's Lower Colorado Region field office.

Eligible customers who choose to participate are sent a voucher to be used for the purchase of a highly efficient clothes washer. The voucher is a pre-printed form that enables the customer to receive the discount at the time of purchase so the cost of the machine is reduced directly to the customer. The voucher is redeemed at the store by the customer and the store submits the voucher to the contractor for reimbursement. The contractor, in turn, invoices the Authority monthly and the Authority invoices the co-funding agencies quarterly.

All Authority conservation programs have built-in quality assurance and quality control measures to insure funds are properly expended and program guidelines have been followed. Data is available in paper and electronic format for analysis. Water savings are calculated on a per machine basis under normal use.

## 5. Schedule

The residential HEW Voucher Incentive Program will be operating in FY 2002. The Authority will begin issuing vouchers when all program administration requirements are in place, possibly as early as July 2001. Vouchers will be issued until all 5,000 vouchers are redeemed or until June 30, 2002. Demand is expected to be high because of the current energy situation in California and the added dollar discount on each voucher. The Final Report will be provided to CALFED by September 30, 2002.



## 6. Monitoring and Assessment

The program Scope of Work requires weekly, monthly, quarterly, and annual program reports. Authority staff maintain a close working relationship with the contractor by overseeing all components of the program. The Authority's program manager communicates daily via phone calls, e-mail, and faxes.

The contractor is required to perform a minimum 15% on-site inspections of customers who redeemed HEW vouchers. Authority Quality Control (QC) personnel, independent of the program manager, perform random, unannounced ride-alongs of these inspections. QC procedures also require all original documentation be forwarded to the Authority and staff reviews a minimum 10% of this documentation. All invoices are reviewed by the program manager's supervisor and any amount over \$10,000 is reviewed and approved by the Authority's Director of Water Resources. Random audits of all Authority programs are also performed by independent outside auditing firms under the direction of the Authority's Finance Department.

All information is retained in paper and electronic format and is provided to all co-funding partners. The Authority is governed by the Public Information Act so data is available upon written request.

## **C. OUTREACH AND INFORMATION TRANSFER**

### 1. Outreach Efforts

This program has no formal outreach program but does provide bilingual information and brochures and is required to have bilingual staff available during business hours. The contractor is required to strategize ways to promote the HEW voucher program in disadvantaged communities. Many agencies partnering in the program with the Authority also provide information about the program on water bills, newsletters, web sites, and on-hold phone messages. By providing the discount at the time of purchase rather than have the consumer pay the entire cost up front and then later receive an after-purchase rebate, the incentives are available to a larger population that includes residents in disadvantaged areas.

The Authority is strongly committed to its Emerging Business Enterprise (EBE) Program and expects Authority contractors to demonstrate commitment to equal economic opportunity as well. Contractors are strongly recommended to make meaningful subcontracting and employment opportunities available to all interested and qualified firms and individuals, including EBEs and small businesses. The current contractor subcontracts marketing/customer outreach, software development, printing, and graphic design to EBEs.

## 2. Training and Employment

This program provides customer service training opportunities to personnel hired by the contractor to administer this program. A great portion of this program involves dealing directly with consumers by taking information to determine participant eligibility and by performing on-site installation inspections and customer surveys.

## 3. Information Transfer

All information obtained from this program will be available to any interested party. The Authority has a proven history of operating many highly successful water conservation programs and is often consulted by other water entities. The Authority consistently shares any information obtained as a result of its programs with water agencies throughout the nation. Authority staff participate in conferences and seminars to disseminate conservation-related information, as well as engage in informal discussions with interested parties.

Information developed as a result of this program can be applied throughout urban Southern California, and potentially in urban Northern California as well. This program could also help CALFED in its efforts to develop financial incentive programs for its Water Use Efficiency Program.

## 4. Cooperating Agencies

No letters have been sent to cooperating agencies notifying them of this proposal. The grant proposal has been discussed informally with these agencies and the Authority has the support of its partners to obtain additional funding to make participation in the program more attractive.

## **D. QUALIFICATIONS**

### 1. Program Manager resume

See Attachment B

### 2. External Cooperators

The existing program is operated by Honeywell DMC Services, Inc. The Authority is conducting a Request for Proposal to select a contractor to administer the program in fiscal years 2002, 2003, and 2004.

### 3. Partnerships

The Authority is the lead agency for the HEW Voucher Program. Other cooperating agencies providing funding are the Carlsbad Municipal Water District, City of Del Mar, City of Escondido, Fallbrook Public Utility District, Helix Water District, Lakeside Water

District, City of Oceanside, Olivenhain Municipal Water District, Otay Water District, Padre Dam Municipal Water District, City of Poway, Ramona Municipal Water District, Rincon del Diablo Municipal Water District, Riverview Water District, City of San Diego, San Dieguito Water District, Sante Fe Municipal Water District, Sweetwater Authority, Vallecitos Water District, Valley Center Municipal Water District, and Vista Irrigation District. The Metropolitan Water District of Southern California and U.S. Bureau of Reclamation also co-fund the HEW Voucher Program.

## **E. COSTS AND BENEFITS**

### **1. Budget Summary and Breakdown**

See Attachment C

### **2. Budget Justification**

Voucher - With CALFED funding the voucher level will be increased to \$125 to encourage customers to purchase HEWs instead of the standard top-loader. The current funding levels are based on the avoided costs of saving water in lieu of purchasing the water at a cost of \$349 per acre-foot. At the current level, the water savings cost to local agencies is \$363 per acre-foot.

Administrative Fee - The current administrative fee is \$25 per unit. The Authority anticipates that fee will increase to approximately \$35 as a result of the present Request for Proposal process to select the Contractor to operate the program. An increase in marketing is being requested and this will be reflected in the administrative fee.

Authority Staff Time - Authority staff time comprises 5% of the total budget. The Authority's program manager charges 25% of her time and salary to the HEW portion of the program. The Quality Control personnel spend almost 3% of staff time to perform on-site inspections and review original documentation.

### **3. Benefit Summary and Breakdown**

This program is consistent with CALFED's objectives as identified in the June 9, 2000, Framework for Action and the subsequent Record of Decision. An expanded HEW program will expedite the amount of water saved through conservation.

Depending on local conditions, between 75% and 95% of the water used in the San Diego County is imported by the Authority from the Colorado River and Northern California, via the State Project. Water saved through the Authority's incentive programs will therefore directly reduce the need for additional imported water supplies from the San Francisco Bay-Sacramento/San Joaquin River Delta (Bay-Delta). The savings represent a net increase in fresh water supplies since the water would otherwise be discharged to the Pacific Ocean and would be unavailable reuse.



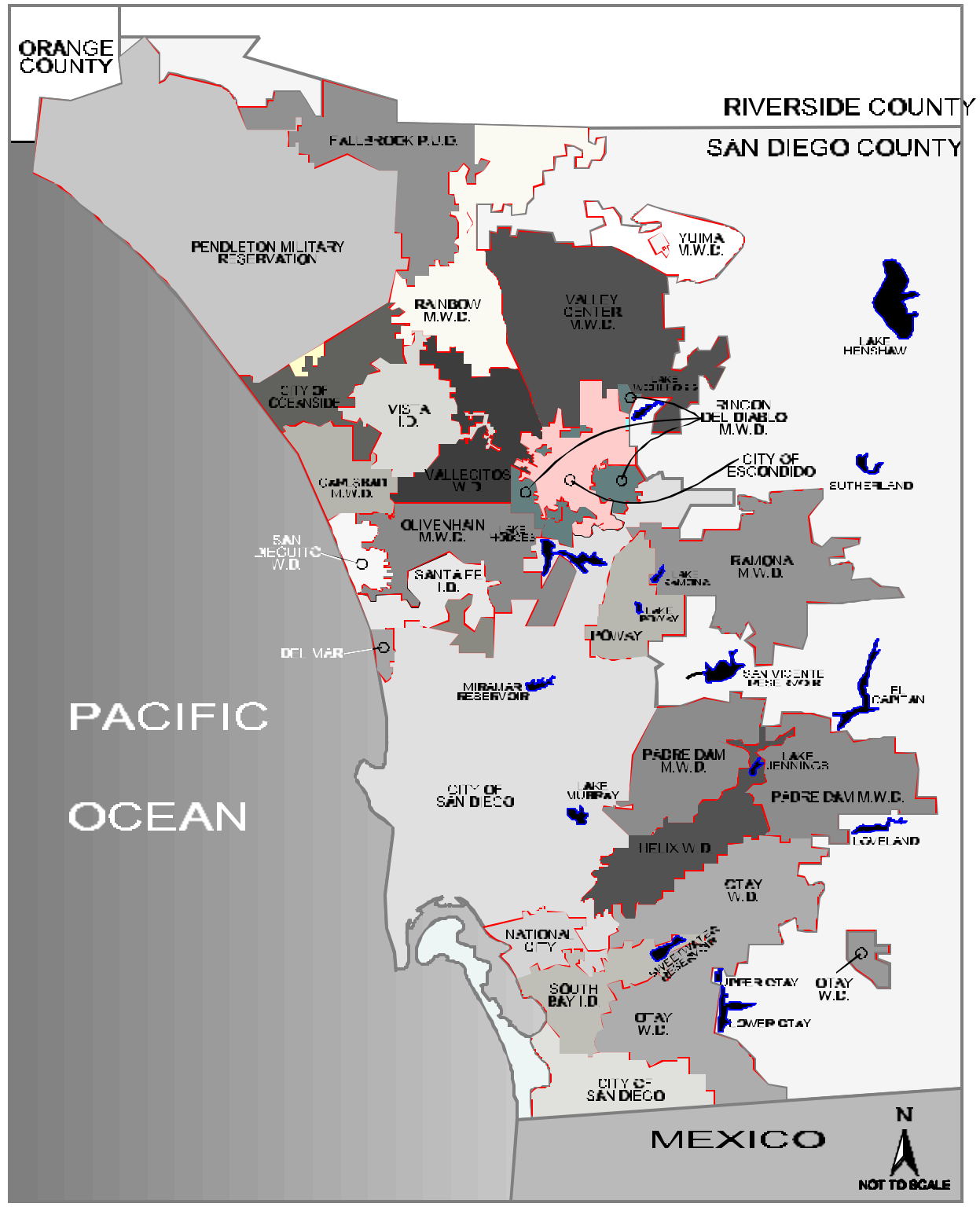
Conservation programs developed as a result of the study will support CALFED's objectives by doing the following:

- Improve water quality for all uses reducing demands on the Delta during those times of the years when water diversions can contribute to elevated salinity levels.
- Improve and increase aquatic habitats and improve ecological functions in the Bay-Delta by reducing the need for water diversions during dry years and dry periods when the impact of diversions on fish is highest.
- Reduce the mismatch between Bay-Delta water supplies and current and projected beneficial uses by providing a new water supply that can be used to meet a portion of existing and future demands.

#### 4. Costs and Benefits Assessment

See Attachment D

ATTACHMENT A



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San Diego, California 92103  
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(619) 574-1286 (fax)

## **EDUCATION**

- San Diego State University  
Bachelor of Arts with Distinction in Public Administration, 1997  
Applied Arts and Sciences, Public Administration
- Water Conservation Practitioner, Level 1, 1998  
American Water Works Association, California-Nevada Section

## **WORK EXPERIENCE**

San Diego County Water Authority

- Water Resources Specialist, Conservation  
November 2000 to Present
- Assistant Water Resources Specialist, Conservation  
October 1997 to November 2000
- Water Resources Aide  
May 1995 to October 1997

## **QUALIFICATIONS**

- Manage the Authority's residential Ultra-Low-Flush Toilet (ULFT) and High-Efficiency Clothes Washer (HEW) voucher program. These two programs are budgeted at more than \$2.2 million and allow for financial incentives for approximately 18,700 ULFTs and 2,600 HEWs in FY 2001.
- Administer the funding provided by the Metropolitan Water District and the Authority for the City of San Diego's ULFT Rebate Program. This program is budgeted at almost \$1.2 million and allow for financial incentives for approximately 22,500 ULFTs in FY 2001.
- Managed the Community Based Organization ULFT Distribution Program and oversaw a \$960,000 annual budget.
- Serve on several California Urban Water Conservation Council committees.

## Budget Summary

<i>Item</i>	<i>Amount</i>	<i>Units</i>	<i>Qty</i>	<i>Total Cost</i>	<i>Units</i>	<i>Life (years)</i>	<i>Present Value</i>	<i>Local Share (\$)</i>	<i>CALFED Request (\$)</i>
<b>a. salaries &amp; wages</b>									
Program Mgmt	37,500	\$/year	1	37,500	\$/year	1	37,500	37,500	0
Monitoring	6,325	\$/year	1	6,325	\$/year	1	6,325	6,325	0
<b>b. fringe benefits</b>									
<b>c. supplies</b> (none)									
<b>d. equipment</b>									
HEWs	125	\$/machine	5,000	625,000		14	625,000	375,000	250,000
<b>e. services or consultants</b>									
Program admin	35	\$/machine	5,000	175,000		14	175,000	125,000	50,000
<b>f. travel</b> (none)									
<b>g. other direct costs including planning, design, construction, maintenance, etc.</b> (none)									
<b>h. total estimated costs (a - g)</b>							843,825	543,825	300,000

## Summary of Quantified and Non-Quantified Costs and Benefits

[illegible]